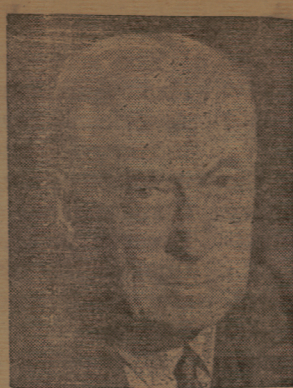


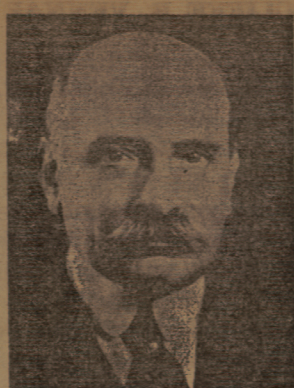
"Give me the power to issue a nation's money; I do not care who makes the laws." M. A. Rothschild



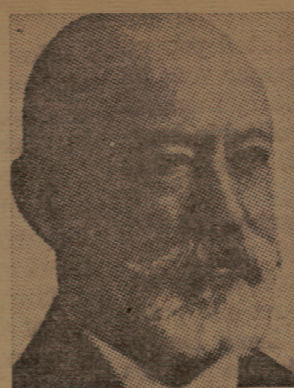
Mayer A. Rothschild



Bernard M. Baruch



Paul Warburg



Jacob H. Schiff



Harry Dexter White

MAYER A. ROTHSCHILD (☆), founded House of Rothschild world-wide financial dynasty today controlling central banks throughout world, financed Confederate government in conspiracy to divide U.S. in the 1861 Civil War. BERNARD M. BARUCH (☆), leading figure in 1912 National Democratic Committee which elected President Woodrow Wilson, and prevailed upon him to enact the Federal Reserve and graduated In-

come Tax Constitutional Amendment. PAUL WARBURG (☆), Rothschild representative headed Kuhn Loeb & Co., sent to U.S. to mastermind Federal Reserve Act, removed by Congress as head of Federal Reserve owing to identification with the communist movement. JACOB H. SCHIFF (☆), financed 1917 communist revolution, Rothschild agent in Kuhn Loeb & Co., sent to U.S. to replace August Bel-

mont (Schoenberg) as U.S. agent for Rothschild world-wide financial dynasty. HARRY DEXTER WHITE (☆), headed communist conspiracy in U.S. government, most important architect U.S. monetary system, reported communist agent by F.B.I. to Truman six times, main architect in the scheme that delivered our money plates to the U.S.S.R. and died Assistant Secretary of Treasury.

Government-issued currency enabled the States of Guernsey to establish a sound economy. When private banks were permitted to compete with government in issuing money, nothing but government debt resulted.

COMMON SENSE ECONOMY

By J. P. FITZGERALD

"Neither our form of government nor our system of enterprise can survive insolvency. All of us know that we cannot continue much longer to spend and spend, and tax and tax, and borrow and borrow."—Sen. Harry F. Byrd.

Many years ago, 152 to be exact, there lived on Guernsey Island in the English Channel a remarkable group of men who, when faced with a severe economic depression and widespread unemployment, resolved to use common sense to cure the depression and effect an unprecedented prosperity. Their experience and the economic measures they used can help us today to understand some of the basic economic errors which are creating a fantastic debt and bringing increased unemployment during so-called "prosperous" times.

The disastrous depression which struck the Channel Island of Guernsey in the early 19th century came upon the heels of the Napoleonic wars and resulted, as always, from the lack of an adequate money medium for the exchange needs of business and commerce. The money of the Island consisted mostly of much worn French and English coins whose volume was being steadily diminished by the emigration of more and more of the well-to-do islanders seeking better conditions on the continent or in England. The harbors and quays of the ports of St. Peter were damaged almost beyond repair; the roads leading to the city were mere mud ruts, and St. Peter itself could not even boast streets wide enough for two wagons or a market house for the farmers who came to town with their produce. Without cover from rain and wind, they had to market their wares in the yard behind the church. The pitiful return the farmers received for their produce gave them little incentive to come to town at all, but they realized that, in general, wages were so low that no one could afford to pay a fair price. All of which meant that scarcely anyone could afford to pay taxes. Accordingly, the government of the Island, called The States, had no way of raising sufficient money to finance desperately needed public works.

Then suddenly in the midst of this depressing and gloomy situation a small group of civic leaders, headed by the brilliant and courageous Daniel De Lisle Brock, the bailiff, made a remarkable statement. They said in effect, "Citizens of Guernsey, listen to us for a moment. Here we are suffering a severe economic depression which is driving many of our well-to-do townsmen to England or the Continent. We recognize that the main cause of our economic woes is a lack of money to facilitate the proper exchange of goods and services. No one has money to spend and we do not have a bank on the Island which might provide loans. The result is that no one can earn any money. Yet at the same time skilled men stand idle look-

ing for work and the Island contains huge quantities of natural wealth, coal and lumber and great varieties of stone, and many other things. All we need is a medium of exchange to permit our citizens to transform our natural wealth and put it into civilized form. Therefore, we, a committee of members of The States, urge The States to use the government power they possess for the issue of currency in the form of States Notes in the amount of \$30,000 for the building of a decent Market House in St. Peter."

This resolution was duly submitted for a vote by the full membership of The States. During the debate the question arose as to how this paper money would be redeemed. Bailiff Brock suggested that an excise tax on alcoholic beverages could be used to secure money for redemption purposes and a certain amount of the currency could be redeemed and canceled every three months. This idea satisfied most of the members of The States but when they voted on the measure it was defeated by a single vote.

That was the year 1815. The vote was exceedingly close and perhaps the nearness to victory prompted the Finance Committee of The States, that same year, to request an issue of States Notes in amount of \$20,000 for the improvement of the roads. This request was approved, the Notes to be redeemed out of the liquor tax at certain fixed dates during the following three years.

It may be noted that, while the leaders of Guernsey Island recognized the economic importance of an adequate medium of circulation, they were still unaware of the fact that one kind of money need not be redeemed with another kind of money. The essential features of sound money are that it be full legal tender and receivable as payment for all taxes. Today, so sophisticated has society become that the principal exchange medium is bank credit which has no tangible existence at all except as figures on a bank ledger.

In any event, the action of The States of Guernsey in circulating a redeemable paper currency was a remarkable advance toward a sound and just monetary system. The currency was not a debt, but rather a freely circulating medium which greatly stimulated trade and commerce. Indeed so successful was this first issue that the States decided to issue a new circulation of \$6,250 on June 18, 1818. Then finally on May 12, 1820, it was agreed to circulate \$27,000 in States Notes for the erecting of a market building. In this case the notes were to be redeemed from the rents received for the stalls, a procedure calculated to show the people how money can be created to facilitate the production of wealth and then be redeemed, if necessary, with income from the use of that same wealth.

As might be expected, the citizens of Guernsey Island very quickly recognized the marvelous economic benefits resulting from the circulation of a sound paper currency. Additional amounts were issued in subsequent years.

Since these issues of new money had no other effect than to provide much needed employment and desired stimulation of com-

merce throughout the Island the people favored them.

Here is the history covering a period of twenty years during which time approximately \$400,000 of non-interest bearing currency were issued. These notes were not based on gold or silver yet they circulated without question providing employment for many, and in general stimulating business and commerce for the benefit of the whole Island.

What should be noted in this vastly significant historical incident is that the great public improvements on the Island resulted directly and immediately from the issues of these paper pounds or dollars. And this was all done without adding one penny to the public debt and without payment of one penny in interest to the banks or the bankers.

In describing the benefits of this common sense method of finance, the president of the finance committee of Guernsey, Daniel De Lisle Brock, said: "The advantage from all these improvements has not been confined to their utility, or to the increased activity given to industry; they have excited in all classes a similar spirit of improvement which displays itself in the embellishment of the premises already built upon and, above all, in the number of handsome dwellings since erected. In the town parish alone 401 houses have been built since the year 1819 at a cost of \$1,000,000 . . . and thus it is that the public works have given life and activity to every species of industry . . ."

When the first issues were made, as was noted, there was no bank on the Island and the circulating medium consisted of a mixed French and English coinage. For nearly 15 years the States circulated its notes without question. Then suddenly in 1829 three of the members of the States established the Guernsey Banking Company and demanded equal right with the States to issue currency. In this connection it is worth while to read the reply of Daniel De Lisle Brock to this claim of a private bank: Brock said, "If there is one incontestable principle it is that all matters relating to the current coin of the country have their source in the supreme prerogative and that no one has the right to arrogate to himself the power of circulating a private coinage on which he imprints for his own profit an arbitrary value. If this is true for metal coin still more so is it for paper money which in itself has no value whatever."

In spite of the sound reasoning brought to bear by President Brock, a second bank, the Commercial Bank, was started the following year, 1830, and claimed equal right with the Guernsey Banking Company and the States to issue currency.

One need not have the intellect of a genius to understand the historic course of events on Guernsey Island during these years. Every adult on the Island had been observing the remarkable economic growth for the previous 15 years which resulted from the States' issue of paper currency. No like experience could have provided these people with such convincing proof of the unique power and necessity of money. In particular, the progressive production of wealth and economic stability

(Continued on Page 4)